

GLENWOOD TOWN
FINANCIAL STATEMENTS
JUNE 30, 2006

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

Honorable Mayor and Town Board
Glenwood Town
Glenwood, Utah 84730

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Glenwood Town as of and for the year ended June 30, 2006, which collectively comprise Glenwood Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Glenwood Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 4 through 14 and 40 through 42, are not a required part of the basic financial statements but are supplementary information required by the Governmental accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

September 1, 2006
Richfield, Utah

GLENWOOD TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2006

This discussion of Glenwood Town financial performance provided an overview of the Town's financial activities for the year ending June 30, 2006. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and streets and parks, recreation and public property.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$847,852 (net assets). Of this amount, \$250,575 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets increased by \$110,094. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental funds reported ending fund balance of \$161,648, an increase of \$132,066 in comparison with the prior year. Approximately 97 percent of this total amount, \$157,058 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$39,400, or 36 percent of total general fund expenditures.
- * The Town's total debt decreased by \$15,250 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and streets and parks, recreation and public property. The business-type activity of the Town is the culinary water operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Glenwood Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Glenwood Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provides information for the culinary water operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Glenwood Town's, assets exceeded liabilities by \$847,852 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (64 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$250,575, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Glenwood Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	165,956	40,701	146,693	158,048	312,649	198,749
Capital Assets	428,840	467,015	311,605	299,475	740,445	766,490
Total Assets	594,796	507,716	458,298	457,523	1,053,094	965,239
Long-Term Liabilities	38,250	42,750	158,234	171,234	196,484	213,984
Other Liabilities	6,558	11,119	2,200	2,378	8,936	2,378
Total Liabilities	44,808	53,869	160,434	173,612	205,420	216,362
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	388,340	424,265	153,371	125,863	541,711	550,128
Restricted	4,590	2,723	50,976	45,789	55,566	48,512
Unrestricted	157,058	26,859	93,517	112,259	250,575	139,118
Total Net Assets	549,988	453,847	297,864	283,911	847,852	737,758

Governmental Activities

Governmental activities increased Glenwood Town's net assets by \$96,141.

Glenwood Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	165,567	53,986	40,238	39,769	205,805	93,755
Operating Grants	29,040	24,826	-	-	29,040	24,826
Capital Grants	-	-	-	-	-	-
General Revenues:						
Property Taxes	12,060	8,384	-	-	12,060	8,384
Other Taxes	35,968	34,676	-	-	35,968	34,676
Impact Fees	825	1,385	3,234	4,108	3,234	4,108
Unrestricted Investment Earnings	1,806	435	8,617	2,921	10,423	3,356
Total Revenues	245,266	123,692	52,089	46,798	296,530	169,105
Expenses:						
General Government	46,106	39,661	-	-	46,106	39,661
Public Safety	5,289	4,991	-	-	5,289	4,991
Public Health	25,770	24,073	-	-	25,770	24,073
Highways & Public Imprvmnts	58,280	61,645	-	-	58,280	61,645
Parks & Recreation	13,680	21,892	-	-	13,680	21,892
Interest on Long-Term Debt	-	-	4,617	5,120	4,617	5,120
Culinary Water Operations	-	-	33,519	38,170	33,519	38,170
Total Expenses	149,125	152,262	38,136	43,290	187,261	195,552
Increase in Net Assets Before Transfers	96,141	(28,570)	13,953	3,508	109,269	(26,447)
Transfers	-	-	-	-	-	-
Increase in Net Assets	96,141	(28,570)	13,953	3,508	110,094	(25,062)
Net Assets - Beginning	453,847	482,417	283,911	280,403	737,758	762,820
Net Assets - Ending	549,988	453,847	297,864	283,911	847,852	737,758

* The Town received operating grants of \$29,040. Of this amount, \$28,874 was received for Class C Roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities increased the Town's net assets by \$13,953.

- * The depreciation in the enterprise funds increased by \$4,750..

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported combined ending fund balances of \$161,648, an increase of \$132,066 in comparison with the prior year. Approximately 97 percent of this amount \$157,058, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because \$4,215 has already been committed to impact fees and \$375 to bond reserves.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 141 percent of total general fund expenditures, while total fund balance represents 146 percent of that same amount.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$93,517. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The differences between the original budget and the final amended budget was an increase of \$117,000.

- * General government increased \$4,000.
- * Public safety decreased \$230.
- * Highways had no increase
- * Parks and recreation decreased \$2,000.
- * Other increased \$115,230.

Actual revenues were more than budgeted revenues by \$14,469 and actual expenditures were less than budgeted expenditures by \$570 resulting in a net increase in fund balance of \$15,039.

Capital Asset and Debt Administration

Capital Assets

Glenwood Town's investment in capital assets for its governmental activities as of June 30, 2006, was \$428,840 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water shares, equipment and infrastructure, which includes roads. Investments in capital assets in the business-type activities as of June 30, 2006 were \$311,605.

There were no material capital asset additions or deletions during the current fiscal year.

Glenwood Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	28,400	28,400	-	-	28,400	28,400
Water Shares	5,500	5,500	1,800	-	7,300	5,500
Infrastructure	157,500	180,000	-	-	157,500	180,000
Buildings	205,332	213,893	46,800	48,000	252,132	261,893
Water System	-	-	243,975	251,475	243,975	251,475
Equipment	32,108	39,222	19,030	-	51,138	39,222
Total	428,840	467,015	311,605	299,475	740,445	766,490

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$198,734. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Glenwood Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue Bonds	40,500	42,750	158,234	171,234	198,734	213,984

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town's general obligation debt limit is approximately \$1,500,000. Presently, the Town has no general obligation debt.

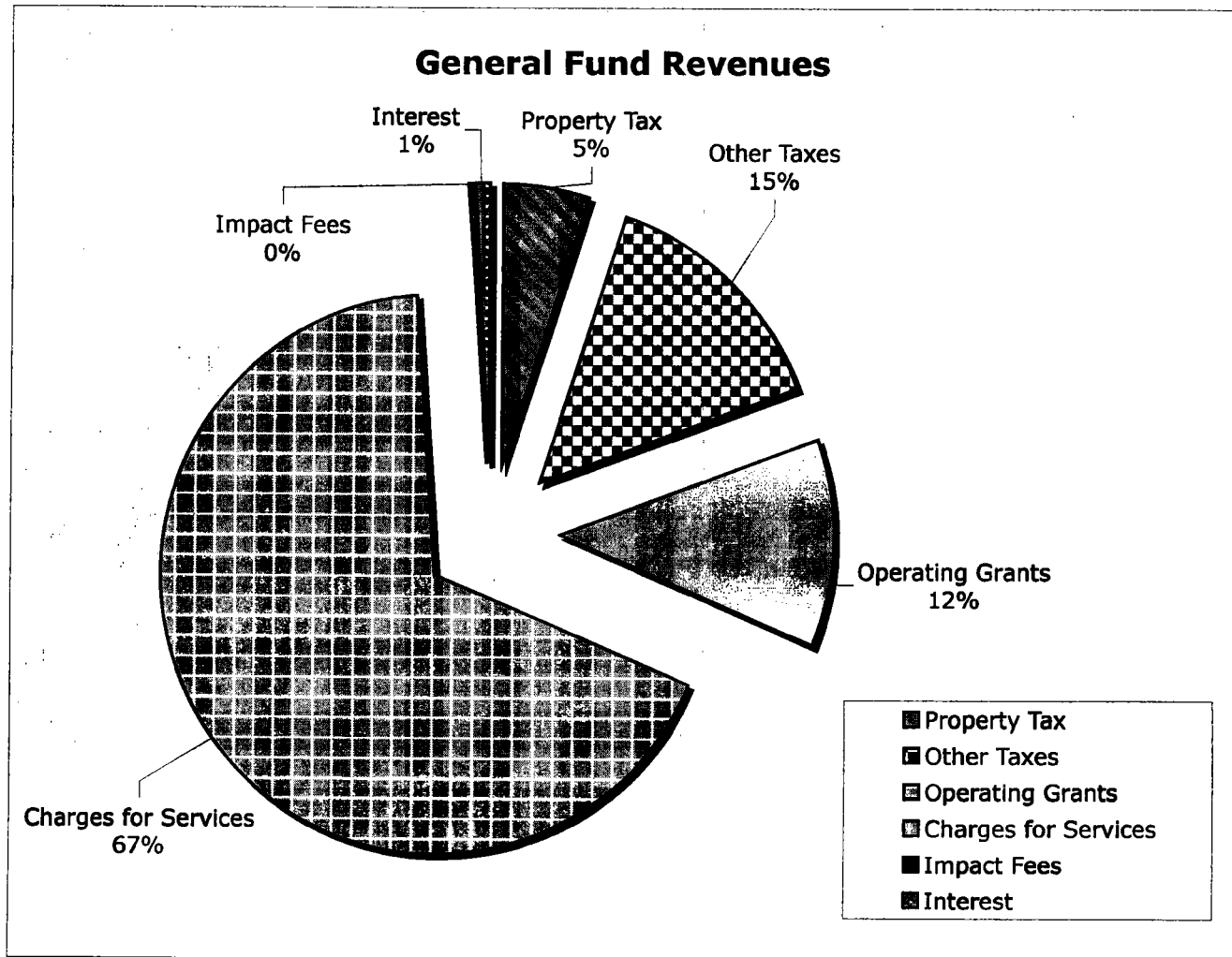
Additional information on Glenwood Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Glenwood Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Glenwood Town Treasurer, 175 East 300 North, Glenwood, Utah, 84730-0478.

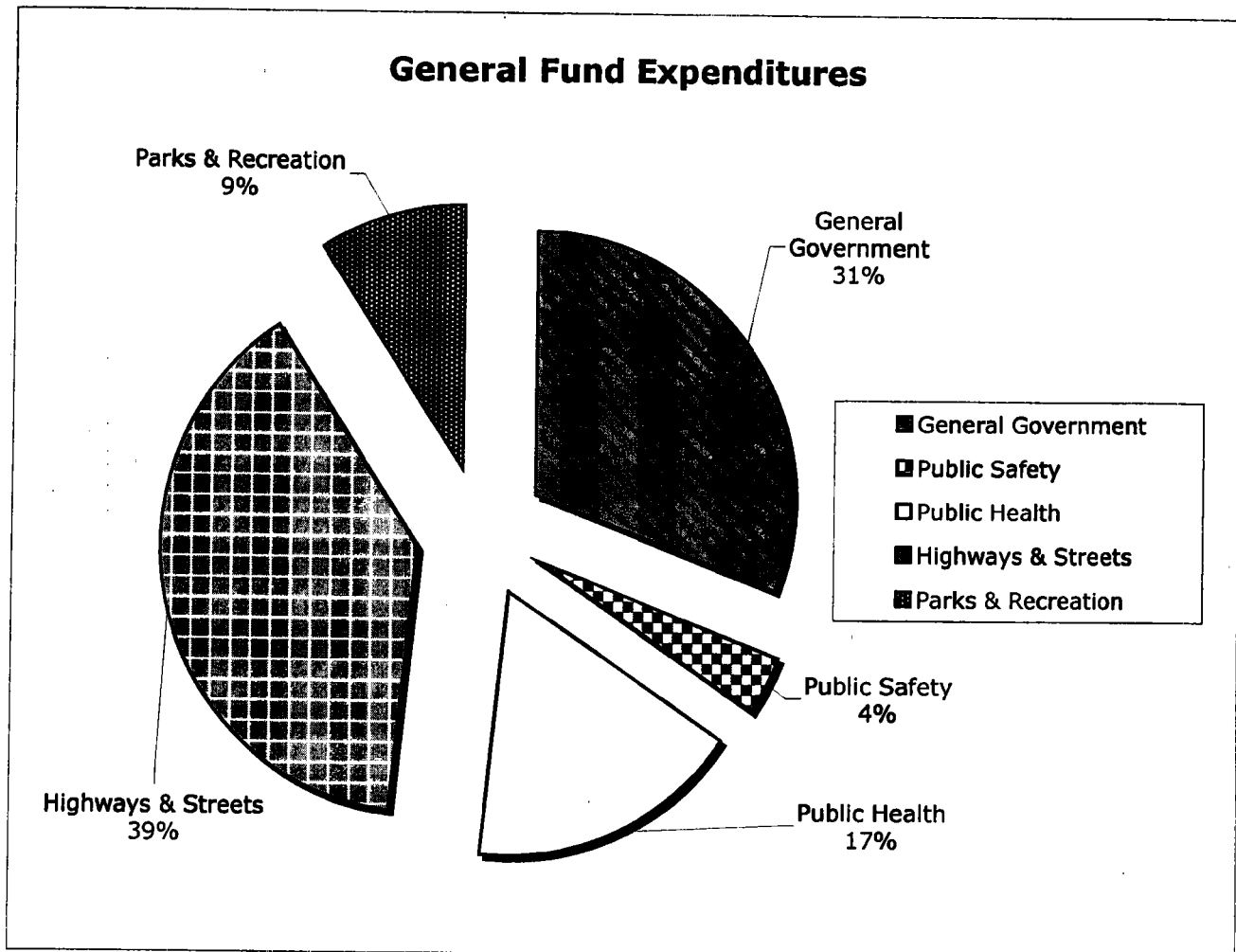
**Glenwood Town
General Fund Revenues
For The Fiscal Year Ended June 30, 2006**

Property Tax	12,060
Other Taxes	35,968
Operating Grants	29,040
Charges for Services	165,567
Impact Fees	825
Interest	<u>1,806</u>
Total	<u>245,266</u>



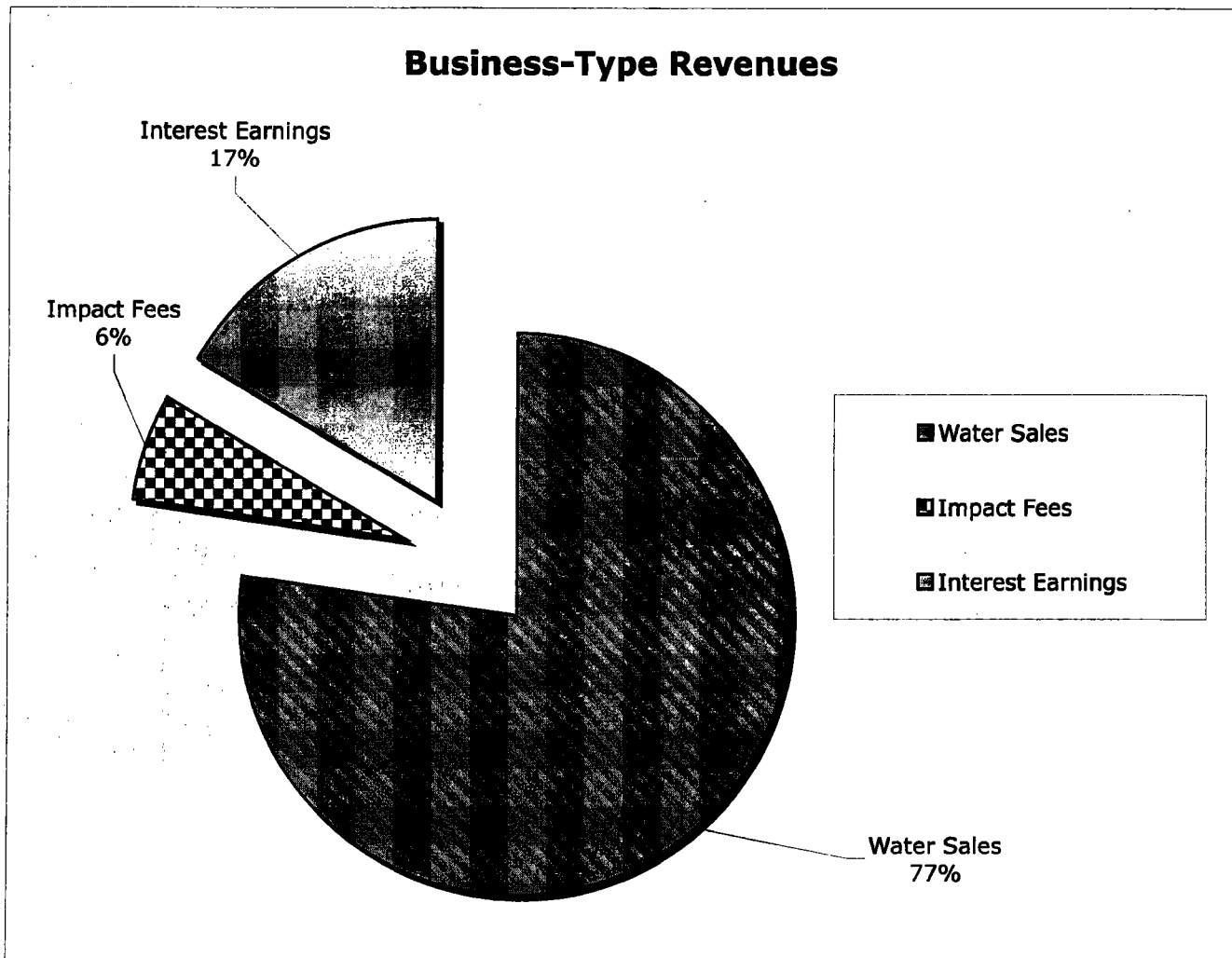
**Glenwood Town
General Fund Expenditures
For The Fiscal Year Ended June 30, 2006**

General Government	46,106
Public Safety	5,289
Public Health	25,770
Highways & Streets	58,280
Parks & Recreation	<u>13,680</u>
Total	<u><u>149,125</u></u>



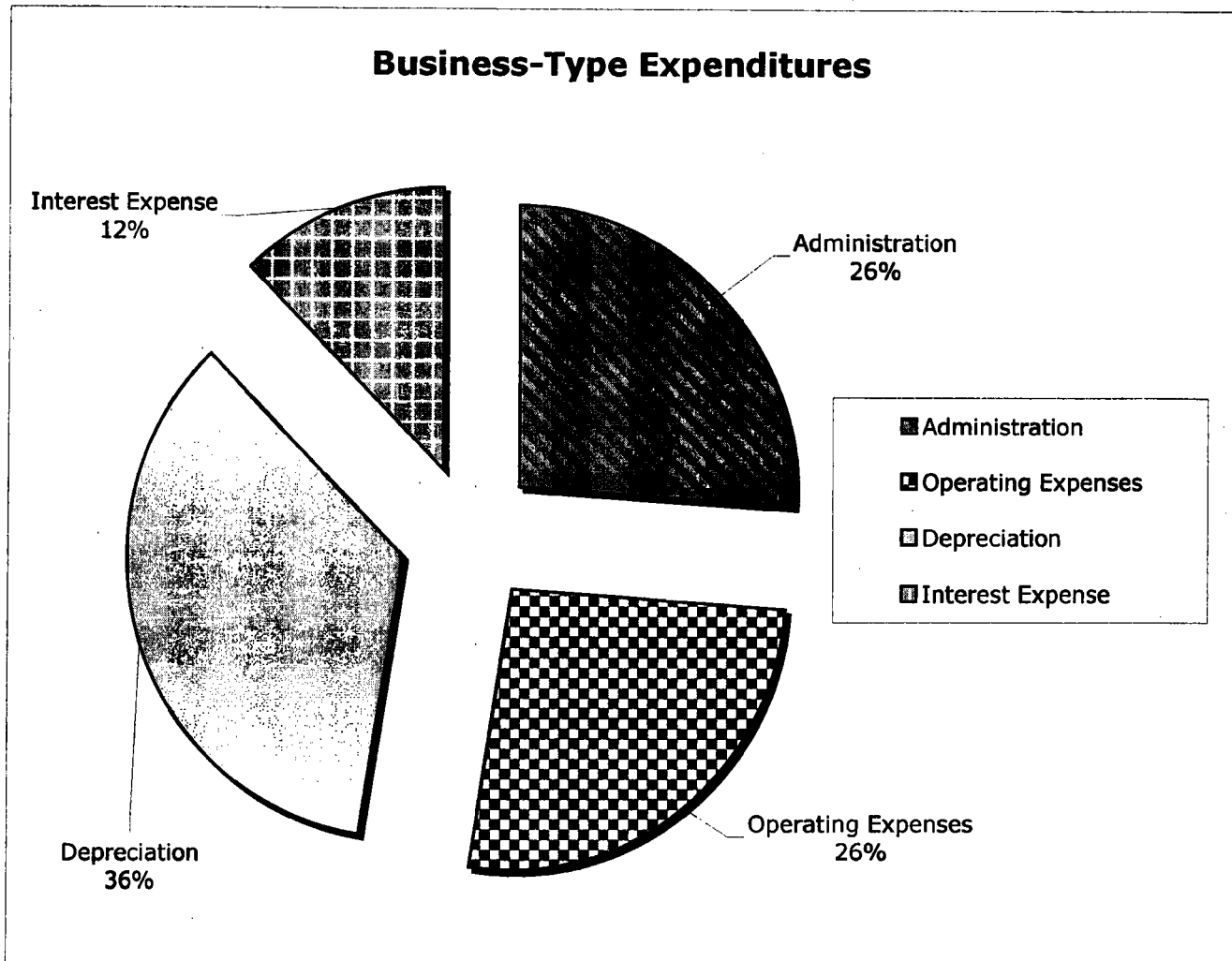
**Glenwood Town
Business -Type Revenues
For The Fiscal Year Ended June 30, 2006**

Water Sales	40,238
Impact Fees	3,234
Interest Earnings	<u>8,617</u>
Total	<u><u>52,089</u></u>



**Glenwood Town
Business-Type Expenditures
For The Fiscal Year Ended June 30, 2006**

Administration	10,000
Operating Expenses	10,069
Depreciation	13,450
Interest Expense	<u>4,617</u>
Total	<u><u>38,136</u></u>



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is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**GLENWOOD TOWN
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	154,872	119,263	274,135
Accounts Receivable (Net)	4,595	4,980	9,575
Due From Other Government Units	6,114	-	6,114
Total Current Assets	165,581	124,243	289,824
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	375	22,450	22,825
Capital Assets (Net of Accumulated Depreciation):			
Land	28,400	-	28,400
Water Shares	5,500	1,800	7,300
Buildings	205,332	46,800	252,132
Equipment	32,108	19,030	51,138
Water System	-	243,975	243,975
Infrastructure	157,500	-	157,500
Total Noncurrent Assets	429,215	334,055	763,270
TOTAL ASSETS	594,796	458,298	1,053,094
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,308	-	4,308
Accrued Interest Payable	-	2,200	2,200
Bonds Payable - Due Within One Year	2,250	13,000	15,250
Total Current Liabilities	6,558	15,200	21,758
Noncurrent Liabilities:			
Bonds Payable - Due More Than One Year	38,250	145,234	183,484
TOTAL LIABILITIES	44,808	160,434	205,242
NET ASSETS			
Investment in Capital Assets, Net of Debt	388,340	153,371	541,711
Restricted For:			
Bond Retirement	375	22,450	22,825
Impact Fees	4,215	28,526	32,741
Unrestricted	157,058	93,517	250,575
TOTAL NET ASSETS	549,988	297,864	847,852
TOTAL LIABILITIES AND NET ASSETS	594,796	458,298	1,053,094

See accompanying notes and accountant's report.

**GLENWOOD TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Function/Programs	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/Capital Grants/ Contributions	Governmental Activities
Governmental Activities:				
General Government	46,106	133,019	-	86,913
Public Safety	5,289	-	166	(5,123)
Public Health	25,770	24,471	-	(1,299)
Highways and Public Improvements	58,280	5,797	28,874	(23,609)
Park and Recreation	13,680	2,280	-	(11,400)
Interest on Long-Term Debt	-	-	-	(4,617)
Total Governmental Activities	149,125	165,567	29,040	45,482
Business-Type Activities:				
Water Fund	33,519	40,238	-	6,719
Total Primary Government	182,644	205,805	29,040	45,482
General Revenues:				
Property Taxes				12,060
Fee-In-Lieu of Property Taxes				387
Sales Taxes				35,581
Impact Fees				825
Unrestricted Investment Earnings				1,806
Total General Revenues and Transfers				50,659
Change in Net Assets				96,141
Net Assets - Beginning				453,847
Net Assets - Ending				549,988

See accompanying notes and accountant's report.

**GLENWOOD TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	37,589	117,658	155,247
Accounts Receivable (Net)	4,595	-	4,595
Due From Other Government Units	<u>6,114</u>	<u>-</u>	<u>6,114</u>
TOTAL ASSETS	<u><u>48,298</u></u>	<u><u>117,658</u></u>	<u><u>165,956</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>4,308</u>	<u>-</u>	<u>4,308</u>
Fund Balances:			
Reserved For:			
Impact Fees	4,215	-	4,215
Bond Reserve	375	-	375
Unreserved, Reported In:			
General Fund	39,400	-	39,400
Capital Project Fund	<u>-</u>	<u>117,658</u>	<u>117,658</u>
Total Fund Balance	<u><u>43,990</u></u>	<u><u>117,658</u></u>	<u><u>161,648</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>48,298</u></u>	<u><u>117,658</u></u>	<u><u>165,956</u></u>

See accompanying notes and accountant's report.

GLENWOOD TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2006

Total Fund Balances - Governmental Fund Types	161,648
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Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Land	28,400	
Water Shares	5,500	
Buildings	205,332	
Equipment	32,108	
Infrastructure	<u>157,500</u>	
Total (Net of Depreciation)		428,840

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(40,500)</u>
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Net Assets of Government Activities	<u><u>549,988</u></u>
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**GLENWOOD TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	48,028	-	48,028
Licenses and Permits	2,175	-	2,175
Intergovernmental Revenue	29,040	-	29,040
Charges for Services	42,548	-	42,548
Interest	1,779	27	1,806
Miscellaneous Revenues	118,594	2,250	120,844
Total Revenues	<u>242,164</u>	<u>2,277</u>	<u>244,441</u>
Expenditures:			
Current:			
General Government	40,545	-	40,545
Public Safety	5,289	-	5,289
Public Health	25,770	-	25,770
Highways and Public Improvements	29,666	-	29,666
Parks and Recreation	9,680	-	9,680
Debt Service:			
Principal	-	2,250	2,250
Total Expenditures	<u>110,950</u>	<u>2,250</u>	<u>113,200</u>
Excess Revenues Over (Under) Expenditures	<u>131,214</u>	<u>27</u>	<u>131,241</u>
Other Financing Sources (Uses):			
Impact Fees	825	-	825
Transfers	(117,000)	117,000	-
Total Other Financing	<u>(116,175)</u>	<u>117,000</u>	<u>825</u>
Net Change In Fund Balance	15,039	117,027	132,066
Fund Balance - Beginning	<u>28,951</u>	<u>631</u>	<u>29,582</u>
Fund Balance - Ending	<u><u>43,990</u></u>	<u><u>117,658</u></u>	<u><u>161,648</u></u>

See accompanying notes and accountant's report.

GLENWOOD TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	132,066
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Depreciation	(38,175)
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The issuance of long-term debt (e.g., bonds, leases) provide current financial
resources to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of governmental
funds. Neither transaction, however, has any effect on net assets. This
amount is the net effect of these differences in the treatment of long-term
debt and related items:

Payment on Long-Term Debt	<u>2,250</u>
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Changes In Net Assets of Governmental Activities	<u><u>96,141</u></u>
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**GLENWOOD TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	119,263
Accounts Receivable	<u>4,980</u>
Total Current Assets	<u>124,243</u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	22,450
Capital Assets: (Net of Accumulated Depreciation)	
Water Rights	1,800
Buildings	46,800
Improvements Other Than Buildings	243,975
Equipment and Vehicles	<u>19,030</u>
Total Noncurrent Assets	<u>334,055</u>
TOTAL ASSETS	<u><u>458,298</u></u>
LIABILITIES:	
Current Liabilities:	
Bond Interest Payable	2,200
Bonds Payable - Current Portion	<u>13,000</u>
Total Current Liabilities	<u>15,200</u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	<u>145,234</u>
TOTAL LIABILITIES	<u>160,434</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	153,371
Restricted for:	
Bond Retirement	22,450
Impact Fees	28,526
Unrestricted	<u>93,517</u>
TOTAL NET ASSETS	<u>297,864</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>458,298</u></u>

See accompanying notes and accountant's report.

GLENWOOD TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2006

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water Fees	38,381
Other	<u>1,857</u>
Total Operating Revenues	<u>40,238</u>
Operating Expenses:	
Costs of Sales and Services	10,069
Administrative Fee - General Fund	10,000
Depreciation	<u>13,450</u>
Total Operating Expenses	<u>33,519</u>
Operating Income	<u>6,719</u>
Nonoperating Revenues (Expenses):	
Impact Fees	3,234
Investment Earnings	8,617
Interest Expense	<u>(4,617)</u>
Total Nonoperating Revenues (Expenses)	<u>7,234</u>
Change in Net Assets	13,953
Total Net Assets - Beginning	<u>283,911</u>
Total Net Assets - Ending	<u><u>297,864</u></u>

See accompanying notes and accountant's report.

**GLENWOOD TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2006

	Business-Type Activity Enterprise Fund
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	40,088
Payments to Suppliers	<u>(20,069)</u>
Net Cash Provided by Operating Activities	<u>20,019</u>
Cash Flows From Capital and Related Financing Activities:	
Impact Fees	3,234
Capital Outlay	(25,580)
Principal Paid on Capital Debt	(13,000)
Interest Paid on Capital Debt	<u>(4,794)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(40,140)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>8,617</u>
Net Cash Provided (Used) by Investing Activities	<u>8,617</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,504)
Cash and Cash Equivalents - Beginning	<u>153,217</u>
Cash and Cash Equivalents - Ending	<u><u>141,713</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>6,719</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	
Depreciation	13,450
Increase (Decrease) in Operating Assets:	
Accounts Receivable	<u>(150)</u>
Total Adjustments	<u>13,300</u>
Net Cash Provided (Used) by Operating Activities	<u><u>20,019</u></u>

See accompanying notes and accountant's report.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Glenwood Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Glenwood Town is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Glenwood Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town of Glenwood considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government also reports the following Other Governmental Funds:

Capital Project Fund accounts for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The Municipal Building Authority Fund which accounts for the construction of major fixed assets then leased to the City for City purposes.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the Town water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Improvements Other Than Buildings	40 Years
Building	45 Years
Equipment	7 - 20 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could from those estimates.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and Town board on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the Town board at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the Town's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Some Towns find themselves with a deficit fund balance in one or more of their funds. The State Auditor has taken the position that a deficit, created by expenditures being made in excess of those budgeted, is an illegally created debit in violation of the Utah Constitution, Section XIV(3). As such, the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. Maximum in the general funds may not exceed 75% of the total estimated revenue of the general fund.

Once adopted, the budget may be amended by the Town board without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

G. Property Taxes:

Property taxes are assessed and collected for the Town by Sevier County and remitted to the Town shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2006, consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	4,379
Investment - PTIF	<u>292,581</u>
Total Cash and Investments	<u><u>296,960</u></u>

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	154,872
Governmental Activities - Restricted	375
Business-Type Activities - Unrestricted	119,263
Business-Type Activities - Restricted	<u>22,450</u>
 Total Cash and Cash Equivalents	 <u><u>296,960</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$4,379 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the local governments has investments of \$292,581 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - IMPACT FEES

Effective June 30, 1997, the Town adopted an impact fee ordinance for the purpose of requiring that existing, as well as new, development pay for the fair share of public facilities through impact fees which will be used to finance, defray or reimburse the Town for all or a portion of the cost of public facilities which serve such development. The impact fee is calculated and based on the impact of new development on public facilities.

The impact fees will be based on the following schedule:

	<u>Area 1</u>	<u>Area 2</u>
Water Rights	2,000	2,000
Water Source	743	743
Distribution System	491	491
Roadways	634	1,234
Park	<u>32</u>	<u>32</u>
Total	<u><u>3,900</u></u>	<u><u>4,500</u></u>

Service Area #1 is the existing service area within the Town boundaries. Service Area # 2 are areas to which there are no water distribution lines or streets.

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for a system, or other expenditures as allowed by law. These funds must be expended within six years from receipt or returned with interest to the payer.

Impact fee balances are shown as reserved balances in the equity section of the balance sheet.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable in the General Fund represents June billings for landfill and street light charges. The Water Fund accounts receivable represents water billings at June 30, 2006.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	28,400	-	-	28,400
Water Shares	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
 Total Capital Assets Not Being Depreciated	 <u>33,900</u>	 <u>-</u>	 <u>-</u>	 <u>33,900</u>
 Capital Assets Being Depreciated:				
Buildings	304,765	-	-	304,765
Equipment	87,300	-	-	87,300
Infrastructure	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
 Total Capital Assets Being Depreciated	 <u>842,065</u>	 <u>-</u>	 <u>-</u>	 <u>842,065</u>
 Less Accumulated Depreciation For:				
Buildings	90,872	8,561	-	99,433
Equipment	48,078	7,114	-	55,192
Infrastructure	<u>270,000</u>	<u>22,500</u>	<u>-</u>	<u>292,500</u>
 Total Accumulated Depreciation	 <u>408,950</u>	 <u>38,175</u>	 <u>-</u>	 <u>447,125</u>
 Total Capital Assets Being Depreciated (Net)	 <u>433,115</u>	 <u>(38,175)</u>	 <u>-</u>	 <u>394,940</u>
 Governmental Activities Capital Assets, Net	 <u>467,015</u>	 <u>(38,175)</u>	 <u>-</u>	 <u>428,840</u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Water Rights	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>1,800</u>
Capital Assets Being Depreciated:				
Buildings	54,000	-	-	54,000
Equipment	-	23,780	-	23,780
Utility Systems	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total Capital Assets Being Depreciated	<u>354,000</u>	<u>23,780</u>	<u>-</u>	<u>377,780</u>
Less Accumulated Depreciation For:				
Building	6,000	1,200	-	7,200
Equipment	-	4,750	-	4,750
Utility Systems	<u>48,525</u>	<u>7,500</u>	<u>-</u>	<u>56,025</u>
Total Accumulated Depreciation	<u>54,525</u>	<u>13,450</u>	<u>-</u>	<u>67,975</u>
Total Capital Assets Being Depreciated (Net)	<u>299,475</u>	<u>10,330</u>	<u>-</u>	<u>309,805</u>
Business Type Activities Capital Assets, Net	<u>299,475</u>	<u>12,130</u>	<u>-</u>	<u>311,605</u>
Total Capital Assets	<u><u>766,490</u></u>	<u><u>(26,045)</u></u>	<u><u>-</u></u>	<u><u>740,445</u></u>

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	5,561	-	5,561
Public Health	-	13,450	13,450
Highways and Public Improvements	28,614	-	28,614
Parks and Recreation	4,000	-	4,000
 Total Depreciation Expense	 <u>38,175</u>	 <u>13,450</u>	 <u>51,625</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable represents monies owed vendors for goods and services rendered prior to year end. At June 30, 2006, accounts payable amounted to \$4,308.

NOTE 7 - MUNICIPAL BUILDING AUTHORITY

On August 23, 2001, the Town board organized the Municipal Building Authority to acquire, improve or extend one or more projects and to finance their costs on behalf of the public body that created it and to all other lawful things allowed by law for this type of corporation. The trustees of the Building Authority are the Mayor, Town Board and Town Recorder and Treasurer. The Building Authority is treated as a blended component unit of the Town.

During 2001 the Building Authority issued Lease Revenue Bonds in the Amount of \$45,000 to help finance the construction of a Town Hall. The Building Authority has entered into a lease agreement with the Town for annual lease payments equal to the required debt service payment for the bond issue beginning in the fiscal year ending June 30, 2005.

NOTE 8 - LONG-TERM DEBT

Utility Long-Term Debt

Utility Bonds Payable:

On May 20, 1998, Glenwood Town issued Water Revenue Bonds in the amount of \$280,000 for the purpose of constructing improvements to the drinking water system. These bonds were purchased by the State of Utah Division of Drinking Water. The bonds require a yearly principal payment from \$11,000 to \$18,000 over 20 years plus interest at 2.8% interest. The Town prepaid a portion of the principal from unused construction funds in the amount of \$39,765.98.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges over five years and thereafter:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1,			
2007	13,000	4,431	17,431
2008	13,000	4,067	17,067
2009	14,000	3,703	17,703
2010	14,000	3,311	17,311
2011	14,000	2,919	16,919
2012-2016	78,000	8,349	86,349
2017-2021	<u>12,234</u>	<u>3,436</u>	<u>15,670</u>
Total	<u><u>158,234</u></u>	<u><u>30,216</u></u>	<u><u>188,450</u></u>

The following is a summary of changes in Utility Bonds Payable:

	<u>Outstanding June 30, 2005</u>	<u>Current Year Changes</u>		<u>Outstanding June 30, 2006</u>
		<u>Issued</u>	<u>Matured</u>	
1998 Water Revenue Bonds 280,000 at 2.8%	<u>171,234</u>	<u>-</u>	<u>13,000</u>	<u>158,234</u>

A reserve fund of \$22,450 is also required to be funded over 72 months. The balance at June 30, 2006, was \$22,450.

Governmental Long-Term Debt

Lease Revenue Bond, Series 2001:

On August 23, 2001, the Town passed resolution 8-23-2001 authorizing the issuance of \$45,000 municipal building authority lease revenue bonds for the purpose of financing the acquisition, construction, furnishing, leasing, maintaining or operating of a Town office building and related facilities under to Town's jurisdiction. The terms of the bond issue requires yearly payments of \$2,250 per year beginning August 1, 2004 with no interest.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
August 1,			
2006	2,250	-	2,250
2007	2,250	-	2,250
2008	2,250	-	2,250
2009	2,250	-	2,250
2010	2,250	-	2,250
2011-2015	11,250	-	11,250
2016-2020	11,250	-	11,250
2021-2025	6,750	-	6,750
	<u>40,500</u>	<u>-</u>	<u>40,500</u>

The following is a summary of changes in General Long-Term Debt:

		<u>Current Year Changes</u>		
	<u>Outstanding June 30, 2005</u>	<u>Issued</u>	<u>Matured</u>	<u>Outstanding June 30, 2006</u>
Lease Revenue Bonds				
Series 2001	<u>42,750</u>	<u>-</u>	<u>2,250</u>	<u>40,500</u>

The bond issue requires reserve payments of \$375 per year beginning August 1, 2005, until a maximum of \$2,250 is reserved.

NOTE 9 - CLASS "C" ROAD

The following is a schedule of receipts and disbursements in Class "C" Road:

Fund Balance - Beginning of Year	-
Receipts:	
State Allotments	28,874
Disbursements:	
Road Construction and Maintenance	<u>(28,874)</u>
Fund Balance - End of Year	<u>-</u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 10 - CAPITAL PROJECTS FUND

The following is a schedule of receipts and disbursements in the Capital Projects fund:

Fund Balance - Beginning of Year		631
Receipts	27	
Transfer from General Fund	<u>117,000</u>	
Total		117,027
Disbursements		<u>-</u>
Fund Balance - End of Year		<u><u>117,658</u></u>

NOTE 11 - RISK MANAGEMENT

Glenwood Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is insured through Utah Mutual Risk Management Association for general liability coverage. The limits of coverage are \$1,000,000 with a \$1,000 deductible for each occurrence.

The Town is also covered for other risks including property damage through commercial insurance carriers. Worker's Compensation is through the State of Utah.

Claims have not exceeded coverage in any of the last three calendar years.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**GLENWOOD TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2005	28,951	28,951	28,951	-
Resources (Inflows):				
Taxes:				
General Property Taxes	8,300	8,300	8,555	255
Prior Years Taxes	150	150	387	237
General Sales and Use Taxes	30,000	30,000	35,581	5,581
Fee-In-Lieu	2,700	2,700	3,505	805
Total Taxes	41,150	41,150	48,028	6,878
Licenses and Permits	2,450	2,450	2,175	(275)
Intergovernmental Revenue:				
Class C Road	28,000	28,000	28,874	874
State Liquor Allotment	120	120	166	46
Total Intergovernmental Revenue	28,120	28,120	29,040	920
Charges for Services:				
Landfill	9,000	9,000	10,669	1,669
Garbage	12,500	12,500	13,802	1,302
Lights	5,500	5,500	5,797	297
Cemetery	1,000	1,000	2,280	1,280
Administrative Fee - Utilities	10,000	10,000	10,000	-
Total Charges for Services	38,000	38,000	42,548	4,548
Miscellaneous:				
Interest	300	300	1,779	1,479
Rental of Community Center	-	-	700	700
Impact Fees	100	100	825	725
Other	1,400	118,400	117,894	(506)
Total Miscellaneous Revenue	1,800	118,800	121,198	2,398
Amounts Available for Appropriation	140,471	257,471	271,940	14,469

Continued

**GLENWOOD TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
Administration	25,000	26,000	13,163	12,837
Salaries and Wages	-	-	10,997	(10,997)
Professional Services	5,000	5,000	5,000	-
Insurance	8,500	11,500	11,385	115
Total General Government	<u>38,500</u>	<u>42,500</u>	<u>40,545</u>	<u>1,955</u>
Public Safety:				
Law Enforcement	5,200	4,970	5,289	(319)
Highway and Public Improvements:				
Repairs and Maintenance	<u>30,000</u>	<u>30,000</u>	<u>29,666</u>	<u>334</u>
Parks and Recreation:				
Cemetery	7,000	4,500	4,710	(210)
Parks and Recreation	<u>5,000</u>	<u>5,500</u>	<u>4,970</u>	<u>530</u>
Total Culture and Recreation	<u>12,000</u>	<u>10,000</u>	<u>9,680</u>	<u>320</u>
Other:				
Landfill	10,400	10,400	10,380	20
Garbage Collection	14,000	13,500	13,890	(390)
Miscellaneous	1,420	150	1,500	(1,350)
Transfer to Capital Projects Fund	-	117,000	117,000	-
Total Other	<u>25,820</u>	<u>141,050</u>	<u>142,770</u>	<u>(1,720)</u>
Total Charges to Appropriations	<u>111,520</u>	<u>228,520</u>	<u>227,950</u>	<u>570</u>
Budgetary Fund Balance - June 30, 2006	<u>28,951</u>	<u>28,951</u>	<u>43,990</u>	<u>15,039</u>

**GLENWOOD TOWN
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	271,940
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(28,951)
Impact fees are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(825)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>242,164</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	227,950
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(117,000)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>110,950</u></u>

**NONMAJOR FINANCIAL
STATEMENTS AND SCHEDULES**

**GLENWOOD TOWN
NONMAJOR GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Municipal Building Authority:

The Municipal Building Authority Fund is used to construct public facilities in the City and to pay the indebtedness related to the cost of those facilities.

CAPITAL PROJECTS FUND

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital improvements.

**GLENWOOD TOWN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2006

	Building Authority Fund	Capital Projects Fund	Total Nonmajor Government Funds
ASSETS			
Cash and Cash Equivalents	-	117,658	117,658
TOTAL ASSETS	<u>-</u>	<u>117,658</u>	<u>117,658</u>
LIABILITIES AND FUND BALANCES			
Liabilities	-	-	-
Fund Balances:			
Unreserved, Reported in:			
Capital Projects Fund	-	117,658	117,658
Total Fund Balances	-	117,658	117,658
TOTAL LIABILITIES AND FUND BALANCES	<u>-</u>	<u>117,658</u>	<u>117,658</u>

GLENWOOD TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended June 30, 2006

	Building Authority Fund	Capital Projects Fund	Total Nonmajor Government Funds
Revenues:			
Interest	-	27	27
Lease Revenue	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Total Revenues	<u>2,250</u>	<u>27</u>	<u>2,277</u>
Expenditures:			
Debt Service:			
Principal	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Excess Revenues Over (Under) Expenditures	-	27	27
Other Financing Sources (Uses):			
Transfer from General Fund	<u>-</u>	<u>117,000</u>	<u>117,000</u>
Net Change in Fund Balance	-	117,027	117,027
Fund Balances - Beginning	<u>-</u>	<u>631</u>	<u>631</u>
Fund Balances - Ending	<u><u>-</u></u>	<u><u>117,658</u></u>	<u><u>117,658</u></u>